

HOUSE BILL REPORT

HB 2623

As Reported by House Committee On:

Commerce & Labor

Title: An act relating to providing additional funding to the prevailing wage program of the department of labor and industries by discontinuing the transfer of moneys from the public works administration account to the general fund-state account.

Brief Description: Providing additional funding to the prevailing wage program of the department of labor and industries by discontinuing the transfer of moneys from the public works administration account to the general fund-state account.

Sponsors: Representatives Conway, Condotta and Kenney; by request of Department of Labor & Industries.

Brief History:

Committee Activity:

Commerce & Labor: 1/22/04 [DP].

Brief Summary of Bill

- Discontinues the quarterly transfer of 30 percent of the Public Works Administration Account to the General Fund.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 9 members: Representatives Conway, Chair; Wood, Vice Chair; McMorris, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Crouse, Holmquist, Hudgins, Kenney and McCoy.

Staff: Jill Reinmuth (786-7134).

Background:

The state prevailing wage law requires prevailing wages to be paid to employees on public works construction projects. Public works contracts must contain a provision requiring the payment of prevailing wages.

The Department of Labor and Industries (Department) administers the prevailing wage

law, including acting as the final arbitrator in prevailing wage disputes. The Department charges fees of awarding agencies on public works projects for approval of statements of intent to pay prevailing wages and the certification of affidavits of wages paid. Similarly, the Department charges fees of parties for arbitrating prevailing wage disputes.

The fees collected by the Department are deposited in the Public Works Administration Account. Each quarter, 30 percent of the funds in the account are transferred to the state General Fund. In fiscal year 2003, the amount transferred was approximately \$538,351. Appropriations from the account, other than the money transferred, may be used only for administration of the prevailing wage law. The transfer of General Fund revenue to a non-general fund account lowers the "601 limit."

Summary of Bill:

The quarterly transfer of 30 percent of the Public Works Administration Account to the General Fund is discontinued.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The prevailing wage program is a fee-based program. During a fiscal crisis in the early 1990s, the quarterly transfer of 30 percent of the fees to the General Fund was established.

Since 1997, business, labor, and the awarding agencies have sought to restore full funding for the prevailing wage program. Every dollar paid to the Department of Labor and Industries for prevailing wage services should go towards providing those services. Resources are needed so that the program can do what it is intended to do.

Legislation enacted last year established greater expectations for the prevailing wage program, including more contacts in rural areas and more outreach overall. However, the Department had to forego doing more outreach because funding was not available. This funding is more necessary than ever in order to meet those expectations.

The Department has been responsive to stakeholder concerns, and the program has improved in recent years. The managers are good and the staff is well-trained. Instead of a 30-day processing time, 29 percent of all intents and affidavits are processed in one day. However, it can still take three to six months to obtain certified payroll records.

Sometimes there can be more than 10 years between surveys. The demand for services has increased, but the funding has not.

Testimony Against: None.

Persons Testifying: Patrick Woods and Josh Swanson, Department of Labor and Industries; Rick Slunaker, Associated General Contractors and Washington Construction Industry Council; Dan Sexton, Washington State Association of Plumbers, Pipefitters, and Sprinklerfitters; Miriam Israel Moses, REBOUND; and Jim Justin, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: None.